

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100

Tucson, Arizona 85701

Minutes of Meeting

July 25, 2003

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mr. Joseph J. Lane, Member
Mr. Robert L. Wagner, Member
Dr. Larry D. Fellows, Director and State Geologist
Mr. Steven L. Rauzi, Oil and Gas Administrator

The regular Commission Meeting of July 25, 2003, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 321, State Land Department Building, Phoenix, Arizona.

Chairman Nations announced the reappointment of Commissioner Jones and presented him with the Governor's Certificate of Appointment.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 31, 2003

Mr. Jones moved, seconded by Mr. Lane:

THAT THE MINUTES OF THE MEETING OF JANUARY 31, 2003, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

REPORT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows discussed the budget cuts for fiscal years 2002 and 2003 and reported he was working on the annual report, strategic plan and the budget for fiscal year 2005. He noted there would be no increase or decrease in oil and gas operations. Dr. Fellows described two new down-to-earth publications in the Flagstaff area and one being written for the White Mountain area.

REPORT OF THE OIL AND GAS ADMINISTRATOR

The activity report of Mr. Rauzi was sent to the Commissioners and has been made a part of these minutes. Mr. Rauzi discussed a well ADOT plugged near Geronimo, his semi-annual inspection of storage wells, and his recent trip to investigate reported gas blowouts near McNeal. He described the agency's proposal to the U.S. Department of Energy to compile data relating to the sequestration of CO₂. He reported that Geological Surveys in New Mexico, Utah, Colorado, and Oklahoma are partners in the proposal.

DISCUSSION ABOUT NATURAL GAS STORAGE PROJECTS AT RED LAKE AND LUKE

Mr. Rauzi reported that Copper Eagle continued to evaluate its gas-storage project near Luke in light of recently completed stratigraphic wells and that the gas-storage project near

Red Lake was terminated over market-based versus cost-based rates. He noted that termination had nothing to do with Red Lake as a desirable gas-storage site.

DISCUSSION ABOUT THE RIDGEWAY CO₂ PROJECT

Mr. Osborn reported that Flo-CO₂ planned to expand its liquid plant by building a dry ice plant, that Ridgeway was working on a helium-marketing agreement with Air Liquide, and that the Legislature had appropriated funds to the Land Department for a new attempt on a unit agreement. He informed the Commission that Mr. White, Ridgeway's production Manager in St. Johns, had taken a position in Iowa and was no longer with the company.

CALL TO THE PUBLIC

Mr. Buff reported that the U.S. Bureau of Land Management had terminated Premco Western's exploratory unit on the Arizona Strip for lack of diligent drilling operations. He reported that the well had been drilled to a depth of about 3600 feet in the last three years and that there was a hawk's nest in the drill rig when the well was inspected about a month ago. Mr. Buff reported that Premco had appealed the decision.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on January 23, 2004, in Room 321 at the State Land Department Building in Phoenix.


ADJOURNMENT

Mr. Jones moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:01 a.m.

APPROVED


Dale Nations
Chairman

GUESTS IN ATTENDANCE

Richard Ahern	Arizona State Land Department
Paul Buff	U.S. Bureau of Land Management
Dale Mason	Arizona Department of Water Resources
Marc Osborn	for Ridgeway Arizona Oil Corporation